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SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-79849; File No. SR-NASDAQ-2017-005)

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Eliminate Fees at Rule 7015(h) Assessed for VTE Terminal Connectivity

January 19, 2017

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup>, and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on January 11, 2017, The NASDAQ Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to eliminate the Exchange’s fees at Rule 7015(h) assessed for VTE terminal connectivity, which is no longer offered by the Exchange.

The text of the proposed rule change is available on the Exchange’s website at <http://nasdaq.cchwallstreet.com>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed rule change is to eliminate VTE terminal fees under Rule 7015(h), since the Exchange no longer offers VTE terminal connectivity. A VTE terminal was a basic front-end user interface used by Nasdaq members to connect to, and enter orders in, The Nasdaq Market Center. Members using VTE terminals paid the exchanges and market centers separately for data feeds and services provided by Nasdaq, other exchanges or market centers through VTE.<sup>3</sup>

Effective June 1, 2016, the Exchange increased the fees assessed for VTE connectivity, noting that the pricing changes were warranted in order to appropriately balance the decreasing demand for the product with increasing platform, overhead, and technology infrastructure costs.<sup>4</sup> The Exchange also noted that, because VTE was based on outdated technology and that members have other options for connecting to, and entering orders in, The Nasdaq Market Center, Nasdaq planned to phase out the service in its entirety on or before January 31, 2017.<sup>5</sup> There are currently no subscribers to VTE terminals, and the Exchange has begun the process of

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<sup>3</sup> Such fees are filed with the SEC and separately assessed by the exchanges and market centers at the same rate irrespective of the method of accessing the data feeds.

<sup>4</sup> Securities Exchange Act Release No. 78051 (June 13, 2016), 81 FR 39739 (June 17, 2016) (SR-NASDAQ-2016-078).

<sup>5</sup> Id.

decommissioning the service. Accordingly, the Exchange is proposing to eliminate the VTE terminal fees and related text from its rulebook.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>6</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>7</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that elimination of the fees is reasonable because the Exchange no longer offers the service, thus making the fees irrelevant. The Exchange believes that elimination of the fee and related rule text is an equitable allocation and is not unfairly discriminatory because there are no longer subscribers to the service, and elimination of the fee and related rule text will not impact members differently. Thus, the proposed change will not discriminate among members in any way and will be allocated equitably.

### B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed change removes fees and related text from the rules, which applied to a connectivity service that the Exchange no longer offers. The Exchange notes that VTE connectivity was entirely optional and members were able avail themselves of numerous other means of accessing The Nasdaq Market Center. In fact, the Exchange determined to decommission the connectivity option because of declining subscribership, the age of the technology, and because members have other

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<sup>6</sup> 15 U.S.C. 78f(b).

<sup>7</sup> 15 U.S.C. 78f(b)(4) and (5).

options for connecting to, and entering orders in, The Nasdaq Market Center. Members recognized the limited utility of the connectivity option in light of more modern options, and over time all subscribers chose to cancel their subscriptions. Thus, the proposed change is not burdening competition in any way, but rather reflects the consequences of robust competition where trading venues are compelled to offer superior connectivity options, which ultimately supplant connectivity based on old technology.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.<sup>8</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

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<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NASDAQ-2017-005 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NASDAQ-2017-005. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer

to File Number SR-NASDAQ-2017-005 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>9</sup>

Eduardo A. Aleman  
Assistant Secretary

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<sup>9</sup> 17 CFR 200.30-3(a)(12).

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